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ECONOMIC POLICY, ORGANIZATION AND MANAGEMENT

NEW NORMATIV OUTPUT INDEX AS MANAGEMENT TOOL

Production Gauge

Kiev EKONOMIKA SOVETSKOY UKRAINY in Russian No 6, Jun 82, pp 45-48

[Article by V. Babich, candidate of economic sciences, and L. Safronova, Donetsk: "The Net Output Normativ as a Gauge of Production Volume"]

[Text] Within the system of planning indicators for production volume, the indicators for commodity and gross output have traditionally been used; they possess a different economic content and fulfill different functions in characterizing the results of work at enterprises. The basic significance of the indicator for commodity output lies in determining the total volume of finished output accepted by the technical control service and considered suitable for marketing. This indicator should be regarded as the main characteristic for the total volume of finished articles intended for consumption. At the same time, commodity output cannot provide an objective evaluation of the labor contribution of a collective to the production of output because it does not take into account possible changes in the waste from uncompleted production during the course of a planning period.

Within the system of volume indicators use is also made of gross output, which should characterize the total volume of work completed on the production of output regardless of the degree of readiness. The distinguishing feature of gross output as a volume indicator is its comparability over a long period, since its main purpose is to characterize the dynamics in production volume, labor productivity and certain other qualitative indicators for the work of an enterprise. This feature of gross output determines the expediency of using it extensively in the system of planning indicators and in the search for more objective gauges to reflect actual changes in the volume of output at enterprises and within sectors.

Experience gained in various industrial sectors in planning and analyzing volume indicators indicates that the following gauges can be used to characterize gross output within the system of plant and internal plant planning: fixed wholesale prices; normativ wages; normativ cost of processing; normativ technological labor input; net output, which in practice is applied in the form of normativ net output, conventional-net output and so forth.

Until recently, measurement of gross output in fixed wholesale prices was the basic method for evaluating production volume at the level of sector and national economic planning.

This kind of gauge deliberately leads to overstatement of the volumes of completed work for production output by the magnitude of transferred value created by embodied labor. However, during the initial stages in the development of the system of technical-economic indicators, given the small scales of enterprise cooperation and the insignificant variations in transfer value in the price structure, this gauge gave satisfactory results in the planning and analysis of the volume of gross output. As specialization developed and the amount of cooperative deliveries grew, this kind of assessment of the dynamics began increasingly to distort changes in the actual volumes of work completed. Those enterprises where the proportion of nonlabor-intensive and material-intensive output was increasing within the total volume of output were placed in favored positions, and, in contrast, it became unprofitable to produce those articles that were labor-intensive and used small amounts of materials.

When analyzing production activity at enterprises, the quantitative effect of changes in the products list on distortions in the dynamics of output volume can be determined with the aid of known methods based on a consideration of labor intensiveness for individual kinds of output. At the same time, lack of the necessary consideration of labor intensiveness and acceptable methods for evaluating the quality of existing labor norms does not permit their extensive use in planning gross output. It is necessary to create a unified system of stable labor norms and normativs whose use would provide a correct assessment of the dynamics of output volumes. This also requires a solution to additional, quite complex problems concerned with radical improvements in labor norming and considerably improving the quality of existing norms. Given the present status of labor norming it is considered expedient to further improve the planning of volume indicators on the basis of a search for more perfect gauges of gross output.

Experience in the use of normativ wages, normativ cost of processing and normativ technological labor input in internal plant planning indicates their unsuitability for sector or plant planning because of the lack of the essential normativ base and the limited nature of their possible application within the framework of individual enterprises. Starting with the 11th Five-Year Plan, the CPSU Central Committee and USSR Council of Ministers decree of 12 July 1979 provides for planning and evaluation of production volume at enterprises and associations primarily according to net (normativ) output.

It is important to note that the transfer to planning of output volumes on the basis of normative net output is, in essence, a further improvement in the gauges of gross output, since in terms of economic content and purpose within the planning system, gross output has been, is, and will continue to be a most important characteristic of the total volume of work completed on the production of output.

This is indicated irrefutably by the fact that the gross production volume as evaluated by normative net output remains the main characteristic of the dynamics of production volume, labor productivity, return on investment and other indicators. Consequently, when analyzing possible positive and negative aspects of the use of normativ net output when evaluating production volumes, it is essential to take into account the fact that the main task in the restructuring of the system of volume indicators is not to alter the economic essence of the indicators themselves but to improve methods for calculating them in order to evaluate as objectively as possible the total volumes of completed work and the final production results achieved by labor collectives.

This kind of approach to the understanding of present tasks in improving planning makes it possible to make full use of experience gained in the use of various gauges of gross output and to maintain a correct understanding of the economic essence and functions of individual indicators within the system of technical-economic planning, and also to insure the effective use of normativ net output for measuring production volumes.

Work now being done to establish the normatives for net output shows that the least complexity in restructuring the planning of production volumes occurs at enterprises with a short products list, where the dynamics of commodity and gross output are not substantially different. Considerable difficulties arise in the formation of normativs for net output at enterprises of the processing industries with individual and small-series types of production. This results from the fact that at these enterprises the products list for articles produced is being constantly renewed, and waste from uncompleted production is altered substantially.

Accordingly, success in restructuring the planning of volume indicators is determined primarily by the development and creation of methods for establishing normativs for net output at enterprises with large product lists for output.

Several variants of methods for forming net output normativs were initially examined. One of them provided for the establishment of net output normativs according to individual kinds of articles at a level insuring equal profitability through establishing profit conditions on the basis of the mean ratio between total profit and wages at an enterprise. This was to have eliminated the difference in profitability for different articles and the distorting effect of changes in the products list on the dynamics of production volume. However, this variant turned out to be unacceptable in practice because the same articles produced at different enterprises will have a different magnitude for the net output normativ. It must also be taken into account that this variant for calculating net output normativ in essence becomes an evaluation of production volume according to normativ wages increased to the stable level of profitability.

A second variant consisted of establishing average sector normativs for net output according to kinds of articles produced on the basis of the wholesale price structure, average sector prime costs, and the proportion of profit, regardless of actual production costs and the profitability of these articles at individual enterprises. In this case, given a large products list for output, there is a different relationship between profit and wages within the structure of net output normativs but an equal evaluation can be made of similar articles produced at different enterprises. The need to establish average sector normativs for types of output is also dictated by the requirements of reducibility for output volumes by production association and sector. This method has been recommended for practical use by the "Methodological Instructions..." confirmed by the USSR Gosplan on 12 September 1979*

* See EKONOMICHESKAYA GAZETA No 40, 1979.

At the same time it is necessary to take into account the fact that this method of measuring production volume does not eliminate two substantial shortcomings inherent in gross output expressed in fixed wholesale prices. The first shortcoming is that growth in the physical volume of work completed (gross output) can exceed the actual increase in commodity output. This is seen objectively in the fact that some of the work done in basic production associated with increases in uncompleted production is not embodied in commodity output. The second shortcoming is the different profitability of articles produced and the effect of changes in the products list on the level of plan fulfillment and the dynamics of production volume.

In order to eliminate the first shortcoming it is expedient to use the net output normativ for evaluating commodity output, thus excluding any interest on the part of the enterprise in increasing uncompleted production, which has existed and will exist if the final results of enterprise work are evaluated primarily according to gross output.

When using normativ net output as the gauge of commodity output no special difficulties arise in evaluating the production volume at enterprises with a short products list, where the indicators for gross and commodity output are identical and where there is no possibility of increases in uncompleted production through work done outside the planned products list. While for enterprises with a large products list, evaluation of the volume of commodity output counted to normativ net output provides an opportunity for objectively characterizing the work result at an enterprise according to the output of finished output, which will promote a stricter observance of the planned products list.

In the event that the main indicator for substantiating wages funds and calculating quantitative indicators is gross output, at enterprises with individual and small-series production a direct interest will be maintained in trying in every possible way to increase the volume of completed work, regardless of its expediency or the need to increase commodity and sold output. This directly contradicts the generally accepted requirements for every possible incentive to improve the final results of enterprise work, which in regard to production volumes should be expressed in the priority of commodity and sold output over gross output.

Obviously, further improvement in the indicators for production volume should be aimed at enhancing the practical significance of commodity and sold output and at using these indicators for planning wages funds and material incentive funds. Here, possible planned growth in uncompleted production in individual periods can be additionally considered and (if there is a need to increase the corresponding wages fund be funded through special kinds of credit.

The practical possibility and expediency of using normativ net output as a gauge for the volume of commodity output is convincingly confirmed by work now being done at heavy and coal industry machine building enterprises to restructure the planning of volume indicators. Thus, for example, at the Novokramatorsk Machine Building Plant imeni V.I. Lenin, the Druzhkovka Machine Building Plant imeni 50-letiyе Sovetskoy Ukrainy and others, total production volume is now determined by means of recalculating commodity output according to net output normativs established for individual articles.

At the same time it cannot be acknowledged that normativ net output should be used positively only for gauging commodity output or that gross output should be eliminated from the volume indicators. Many years of experience in planning and analyzing gross output irrefutably proves that this indicator is essential for building the system of internal plant planning for production volumes and for objectively characterizing total results of enterprise work.

Proceeding from this, it must be considered expedient to use normativ net output for gauging both commodity and gross output. Systematic analysis and comparison of the dynamics of these indicators will make it possible to effect daily control over changes in the sizes of uncompleted production and the utilization of labor and financial resources.

One shortcoming associated with the planning of production volumes associated with the different profitability of articles produced is in practice not eliminated in any measurements of gross or commodity output because the essential requirement for the comparability of these indicators when evaluating their dynamics does not accord with existing changes in labor intensiveness for produced output and the objective differences in the relationship between labor intensiveness and the net output normativs for individual articles.

As an example of the specific relationship between technologic labor intensiveness and the net output normativs for individual sections of the products list, the table below shows selected data on the output of the Novokramatorsk Machine Building Plant imeni V.I. Lenin during 1979.

Table 1. Proportion of Labor Intensiveness in Commodity Output for Individual Kinds of Articles.

Kind of output (articles)	Commodity output in normativ net output (R1,000)	Total labor intensiveness in commodity output (1,000's of norm-hours)	Proportion of labor intensiveness per 1,000 normativ net output (norm-hours)
A	2,227	1,116	50.1
B	206	16,5	80.0
C	1,483	187.1	126.2
D	18,018	3,426.4	190.2
E	1,055	240.9	228.3

Note: in this table the nomenclature for the types of output (the arbitrary letter designations) are actual.

It can be seen from the table that the greatest volume of commodity output in normativ net output and in total labor intensiveness occurs for article D and the least for article B. The proportion of labor intensiveness calculated per R1,000 of commodity output in normativ net output varies within the range of 50.1 for article A to 228.3 for article E.

These figures are typical for enterprises with individual and small-series production and indicate the existence of a substantial effect from changes in the products list for output produced on the dynamics and level of volume indicators when evaluating them in normativ net output.

Accordingly, for an objective characterization of the results of enterprise work and for further improvements in the planning of production volumes, an improvement is needed in the calculation and analysis of technologic labor intensiveness for individual kinds of output, and also the development of methods for quantitative assessment of the distorting effect of the products list on change in commodity and gross output.

Analysis of the restructuring done in the planning of volume indicators at machine building enterprises with individual and small-series production indicates the expediency of comprehensive use of normativ net output for measuring gross and commodity output. They should, therefore, be introduced into the system of planning and accounting indicators for production volume and used to characterize the results of enterprise production activity.

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Nonindustrial Sectors

Moscow PLANOVOYE KHOZYAYSTVO in Russian No 6, Jun 82, pp 75-78

[Article by Yu. Krotov, USSR Gosplan subdepartment deputy chief: "Use of the Normativ Net Output Indicator in Nonindustrial Sectors"]

[Text] One typical feature of the improvements in planning and the economic mechanism in industry during the 11th Five-Year Plan is the transfer of processing enterprises to the use of the indicator of normativ net output [NNO] reflecting the efforts of the labor collectives in increasing the output of articles and labor productivity and insuring control over utilization of the wages fund and fixed production capital. This makes it possible to enhance objectivity in planning-economic calculations and evaluating activity, and to increase the effectiveness of economic incentive.

In addition to industry, the production sphere includes agriculture, construction, transportation, trade, public catering, material-technical supply and marketing, procurements and other kinds of production activity. Each of the sectors named and their structural subdivisions have plans and accountability for output, labor productivity, numbers of personnel, wages funds and other technical-economic indicators. The question arises: can the experience of production planning on the basis of NNO gained in industry be used in these other sectors?

The basic methodological approach to solving the question of the possibility of using the NNO indicator in planning and in the evaluation of work results at production enterprises in any sector of production is as follows. If the volume of output (or services) includes the value of labor resources used (or raw materials, materials, semifinished goods, articles purchased, and other material values) this

indicates the presence of the economic prerequisites that make it possible to consider that a transfer to NNO planning will substantially raise the level of planning and the effectiveness of the economic mechanism as a whole. If the value of labor resources used is not included in output (or services), such a transfer loses its practical value.

From these fundamental positions let us consider the evaluation and planning of the volume of output (or services) in the nonindustrial production spheres. We shall restrict ourselves to an elucidation of the economic basis for applying NNO (the question of establishing specific norms is the subject of other studies within the framework of this work). When analyzing the possibility of using the NNO indicator in the nonindustrial sphere it should be borne in mind that enterprises of different sectors may be subordinate to the same administration. For example, the Ministry of Railways includes not only the transportation enterprises that determine the profile of the ministry, but also repair, machine building, ballast-and-tie and other enterprises. Accordingly, the material presented below refers only to the leading enterprises that characterize the main activity of a given ministry (or administration).

The cost of farming and forestry output is formed without a cost for the objects of labor: land and timber resources do not have this cost since they are gifts of nature. Therefore, the opportunities for applying the NNO indicator are quite narrow. Obviously, as applied to the growing of plants, this conclusion meets with no objection.

In transportation also the economic prerequisites do not exist for introducing the NNO indicator since the main volume indicator applied is not a cost indicator but a natural one--the volume of freight moved. Moreover, labor costs (the freight moved) are not included in the prime costs of freight movement.

We note, however, that the question of improving planning and the economic mechanism in these sector (agriculture and forestry and transportation) requires a deeper analysis than we have given here. The main attention will be given to the nonproduction sphere.

In trade, the magnitude of trade turnover is determined in retail prices, which constitute the total of wholesale prices in industry plus trade discounts. The latter are elements of the price for a commodity, through which distribution costs are reimbursed in retail trade and net income (profit) is created. Distribution costs (paying for the labor of trade workers, transportation, municipal and other organizations' services, amortization of fixed assets, packaging costs, special clothing and so forth) are relatively low: in 1980 they made up 6.7 percent of retail trade turnover.

Trade as such does not create new value; it is a process of commodity distribution. At the same time, within trade a number of additional processes take place associated with a continuation of the production process in the sphere of distribution, namely transportation, storage, packaging of goods and so forth. This additional labor is productive and creates new value. However, its magnitude is insignificant in the total volume of trade operations and it is not established in the plan or taken into account.

In this connection it is not possible to talk about new value or the corresponding indicator for net output when discussing basic trade operations. Many millions of workers whose activity is planned, taken into account and evaluated and economically stimulated are engaged in trade. In addition to trade turnover the main indicators are labor productivity, numbers of personnel, the wages fund (as a percentage of trade turnover), distribution costs, profit and so forth. In other words, in trade the direction of planning-and-economic work is different from that observed in industry and other sectors of material production.

Improving the organization and planning of trade and raising the labor efficiency of its workers are of great economic and social significance, particularly now, when a struggle is being waged for the strictest economy of material resources. In our opinion, changes need to be introduced into the procedure for evaluating and planning the main quantitative indicator on whose basis the indicators for labor and wages are determined. The point of departure in this matter is the experience of the industrial enterprises.

Despite the fact that net output is not created in basic trade operations, analysis of the structure of the main quantitative indicator for trade enterprise--trade turnover--makes it possible to conclude that the essential prerequisites (economic bases) are present for using a new indicator that characterizes the volume of enterprises' own work. First, within the cost structure of trade turnover the cost of the objects of labor--various groups and kinds of goods sold--is precisely expressed. The cost of the objects of labor in trade is the difference between trade turnover and gross income, by which is understood the total of all discounts and charges obtained by trade organizations and enterprises from the sales of goods in a given period. Gross income reflects the cost of the means of labor used and the magnitude of live labor by trade workers. We note also that the proportion of the objects of labor in the total volume of trade turnover is exceptionally high--more than 90 percent. Second, the volume of trade turnover depends to a decisive extent on its range, or more accurately, the proportion of articles within a products list. Practical work in the marketing of goods in short supply and popular goods at the end of the month and quarter confirms this.

In public catering the magnitude of trade turnover is determined by the prices of the products of public catering, which are made up of the retail prices of the products used plus markups and trade discounts. Just as in trade enterprises, the markup and trade discount taken together form the gross income of the public catering enterprise, also called sold goods. The latter is intended to cover production and distribution costs and make a profit. Gross income makes up about 30 percent of trade turnover in public catering.

In the cost structure for trade turnover in public catering about 70 percent goes to the cost of the objects of labor--the products used. The cost of labor resources used and the magnitude of live labor are reflected through sold goods. The volume of trade turnover in public catering depends largely on the range of the raw materials processed and the sale of goods purchased from industry (bakery and confectioners items, fruit, beverages and so forth). In 1980 the proportion of purchased goods reached 36 percent of all trade turnover in public catering.

In both trade and public catering the cost of the objects of labor, that is, material-technical values, make up at least 98 percent within the cost structure

of the main quantitative indicator (the volume of deliveries of trade turnover) in cost-accounting organizations in material-technical supply. Consequently, no more than 2 percent of the total cost of turnover goes to those elements that reflect the cost of the labor resources used and the magnitude of live labor by workers in the supply-and-marketing organizations. The volume of goods deliveries (turnover) is confirmed in selling prices, that is, in existing wholesale prices with the addition of the appropriate markups to cover the distribution costs of the supply-and-marketing organizations, and making it possible, given profitable operation, to obtain a specific profit. The level of markups is low, not exceeding 2 percent of turnover.

Trade turnover is now not only the main quantitative indicator for the activity of supply-and-marketing organizations. It serves as a base for planning labor productivity, numbers of workers and the wages fund, and it depends on the structure of the product offered (for example, on the proportion of construction materials and machine tool items). Its dynamics do not reflect the physical volume of work done by supply-and-marketing organizations. Experience in the application of the NNO indicator in this sector of industry should also be carefully studied.

Evaluation of the volume of work, labor productivity and the wages fund for workers in trade, public catering and material-technical supply is based mainly on the embodied labor of workers in industry and agriculture that they sell. And the more expensive and materials intensive the product sold, the more profitable it is for the trade and supply organization, since given the same or even less costs on their own labor, the indicators for general development improve and the wages fund is increased, or more accurately, becomes advantageous. But when the shift is toward a broader and cheaper range of products, general indicators for work deteriorate and a wages fund overexpenditure is formed.

Consumers of the services of trade and supply organizations rightly complain about the lack of many cheap goods for sale. Workers in these organizations in turn blame the suppliers, primarily industry, explaining in many cases that the situation has been created because of lack of interest on the part of enterprises in producing products having a low materials intensiveness.

When the main criteria for the work of an industrial enterprise were the gross indicators, the references by workers in trade and material-technical supply to the lack of interest on the part of industry to produce a broad range of cheap goods was to some extent justified. However, in many cases the necessary demands were not made on the suppliers either. Expensive and materials intensive articles were profitable both for industrial and trade organizations. Therefore, the transfer of the processing industries to NNO should be accompanied by a corresponding restructuring of planning in trade, material-technical supply and marketing. Without replacing turnover, normativ net output can, nevertheless reflect both the volume and the dynamics of labor collectives' own work in trade and supply-and-marketing enterprises, which will make possible an objective approach to the planning of labor productivity, the wages fund, the calculation of yield on investments and other indicators.

Improving planning and the economic mechanism in trade, material-technical supply and marketing on the basis of application of normativ net output is a complicated

task. Its resolution is not merely a logical continuation of existing methods for calculation and price forming in industry. Here, possibly, a radical change is needed in the very method of planning and calculating NNO, without, of course, retreating from the main thing--the labor basis of the indicator.

Procurement differs from the sectors considered above not only in the use of an indicator for production volume (the volume of production procured rather than turnover) but also in the method by which production costs are transferred to the cost of the articles sold. In this sector the volume of sold output is determined from wholesale (selling) prices, and prime costs include expenses on the purchase both of finished output and organizations' own output. In other words, the indicator for the volume of output at procurement enterprises contains three elements, including also the cost of the objects of labor. Because of this, the differences that exist naturally in the material intensiveness of various kinds of finished products and the profitability of work stemming from this reduce objectivity in planning and the operation of the economic mechanism. Since 1980 normativ net output has been applied at 460 enterprises of the USSR Minister of Procurement. Available experience indicates that it should be expanded.

This short analysis of improvements in planning and economic mechanism in the nonproduction sphere leads to the conclusion that during the 11th Five-Year Plan it would be expedient to carry out the appropriate scientific and methodological and organizational and technical work to calculate volume and labor indicators on the basis of NNO.

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PLANNING AND PLAN IMPLEMENTATION

ISSUES FACED BY ECONOMY'S PLANNING LEADERSHIP

Moscow PLANOVYE KHOZYAYSTVO in Russian No 8, Aug 82 pp 3-13

[Article by N. Ryzhkov, first deputy chairman of USSR Gosplan: "Certain Problems in Planned Economic Management"]

[Text] The Soviet people are now in the second year of work to meet the targets of the 11th Five-Year Plan and to implement the decisions of the 26th CPSU Congress. During this time, they have secured the further development of the nation's economy, raised the living standard and increased the production and scientific potential. National income as well as industrial and scientific output are on the rise.

The development of the national economy during the first third of the current five-year plan once more confirms the fact that the resolution of the various problems associated with improving the people's well-being and especially with the Food Program adopted by the May (1982) Plenum of the CPSU Central Committee requires the more rapid transition to the intensive path of development of social production, the rational use of the nation's production potential, the all-round saving of all types of resources, and improvement in the quality of the work. This is the basis of the Soviet economy's future progress particularly in the face of the negative impact of a number of factors that complicate its development. First among them is the new demographic situation that is expressed in the dramatic decline in the growth of the able-bodied population. For the quinquennium as a whole, this growth will be one-third the level of the 10th Five-Year Plan. Another factor is the movement of the fuel and raw materials extraction base to the eastern and northern regions of the nation owing to the depletion of traditional sites, which significantly adds to the cost of producing and shipping resources. Today ever larger expenditures are required even to sustain the existing level of production of many types of raw materials, e. g., for simple reproduction. The share of capital investment in sustaining the existing level rose throughout the national economy from 26 percent during the 10th Five-Year Plan to almost 35 percent during the current five-year plan, including a rise from 35 to 47 percent in the raw material branches, from 65 to 87 percent in the petroleum-extracting industry, and from 72.5 to 83 percent in the coal industry.

To this we must add the requirement for capital investment for the technical re-equipment of many old enterprises proceeding from advances in science and technology and the higher cost of developing the infrastructure and protecting the environment. It is for this reason that all activity of planning and economic organs and labor collectives of associations, enterprises, building sites, kolkhozes, and sovkhozes must be subordinated to the resolution of problems associated with intensification. The steady implementation of the intensification program is ultimately the most important consideration in meeting the targets of the five-year plan for 1981-1985 and the plan for 1982. It must serve as the basic criterion in evaluating the work of economic organs and the results of social competition directed toward the fulfillment of plan targets.

As L. I. Brezhnev indicated at the 26th CPSU Congress, when translated into practical language, economic intensification and increased economic effectiveness mean above all that the results of production grow faster than production costs and that more is produced from relatively smaller inputs in production.

In order to achieve this, it is essential to secure the growth of social labor productivity, a significant saving of resources, and improvement in management in conformity with the requirements of production under present conditions. All these directions are integrally linked to the development of the initiative of the working people, and to the acceleration of the introduction of scientific and technical advances. It is for this very reason that the plan devotes considerable attention to the practical utilization of scientific advances. Thus 170 scientific-technical programs, including 41 goal programs, have been developed. The ultimate objective of these programs is the wide-scale utilization of most effective scientific and technical advances in the national economy. In all, it is planned to create over 400 new technical objects and technological processes. Approximately 60 percent of them are slated to be put into production during the current five-year plan period thereby producing a major economic effect.

The indicated programs encompass a broad circle of scientific and technical measures in the development of fuel-energy and agro-industrial complexes, chemistry, metallurgy, transport, health care; in the curtailment of manual labor; in the production of consumer goods, etc. The basic task of the programs is to increase the effectiveness of social production, i. e., to increase labor productivity and to economize material resources. Therefore it is essential that ministries and departments devote their unflagging attention to the implementation of measures designed to secure the unconditional fulfillment of program targets envisaged in the five-year plan.

At the present time, USSR Gosplan, together with ministries and departments, is completing preparation of an integrated goal program for the development of the mechanization and automation of hoisting-conveying, loading-unloading and warehouse operations. The significance of this direction of mobilization of labor resources is attested to by the fact that the number of workers presently performing this work is no less than the number engaged in basic

production. This is an important reserve for increasing the intensification of production. Thus, almost four million persons are engaged in manual labor in hoisting-conveying work. There are approximately 200,000 dishwashers in public dining facilities alone. Between 1981 and 1985, this category of workers is to be reduced by 14 percent. The released workers will be sent into basic production. Ministries and departments must keep a tighter check to see to it that associations, ministries and building sites meet their target to curtail manual labor. This is not only a technical and economic problem but is an important social problem as well.

In view of the demographic situation, under the 11th Five-Year Plan the problem of satisfying the national economy's manpower requirement will be resolved through the accelerated growth of labor productivity, through the restriction of increases or through even reducing the number of administrative personnel, and through the reduction of the work force in scientific institutions, design organizations, trade, public dining and supply-sales organizations.

Industry is slated to increase labor productivity by 23 percent (compared with 17 percent under the 10th Five-Year Plan); the social sector of agriculture is also scheduled to increase labor productivity (computed on an annual average) by 23 percent (compared with 15 percent under the 10th Five-Year Plan). The corresponding figure in construction is 15 percent (compared with 11 percent under the 10th Five-Year Plan) and 10.5 percent in rail transport (compared with a mere 0.5 percent under the 10th Five-Year Plan). This will make it possible to obtain approximately 90 percent of the increase in industrial output and the entire increase in output in agriculture, in construction and installation work and in rail transport.

The increase in the productivity of social labor during the five-year period will account for 90 percent of the increase in national income (compared with 78 percent under the 10th Five-Year Plan) and will provide a conditional saving of the labor of approximately 17 million workers.

The cited figures attest to the intensiveness of the targets. But only the fulfillment of the established labor productivity growth targets will make it possible to realize the planned output volume for the five-year plan period and to eliminate the impact of the complex demographic situation on its development. Ministries, departments and councils of ministers of union republics must more closely monitor the fulfillment of labor productivity growth targets indicated in the plan of every enterprise, association, building site, kolkhoz and sovkhoz.

Nonetheless, some ministries, departments and union republics are prone to use traditional "in house" methods, to abstract from the general situation and to ignore the demand for an economical attitude toward labor resources. In particular, they have linked their proposals on increasing output volume during the 11th Five-Year Plan period, on improving the use of production capacities and on other indicators to the need to increase the size of the work force. The result was that their declared requirement for additional manpower was more than two times greater than the anticipated growth of

the country's labor resources during the five-year period, taking into account the possibility of hiring pensioners and part of the able-bodied population from the home. Therefore unlike the 10th Five-Year Plan, it was necessary to impose limits on the size of the work force, i. e., to plan this indicator in a way that imposes more rigid constraints on the use of labor resources.

In industry, the growth of labor productivity, for example, must be secured chiefly through the higher technical level of production (13.5 percent), through improvements in the organization of labor and the management of production (over 6 percent) and the relative reduction in industrial production personnel while increasing the volume of output. In order to resolve this problem, the plan calls for a considerable increase in capital per worker: by 32 percent in industry, by 38 percent in agriculture, and by 20 percent in construction. Of course, the rise of the technical level of production is associated with the need for capital expenditures, particularly for the technical retooling and reconstruction of existing enterprises.

Throughout the national economy as a whole, the share of capital investments in the technical retooling and reconstruction of existing enterprises will increase to 32.5 percent in 1981-1985 compared with 29.2 percent in 1976-1980. The share of equipment will increase to 38.2 percent compared with 36.2 percent.

At the same time, a number of branches, in particular the manufacturing branches, still have significant possibilities for continuing work in this direction. Compared with the last five-year plan, the share of capital investments in technical retooling and reconstruction in machine building virtually did not increase. It declined by 9.3 points in heavy machine building, by 7.3 points in agricultural machine building, by 14.1 points in machine building for animal husbandry and feed production, and by 4.6 points in road machine building.

The problem of increasing the productivity of social labor must be resolved at all levels: national economic, branch, and directly in associations, at enterprises, on building sites, on sovkhozes and kolkhozes. And while the elaboration of comprehensive programs, the raising of capital per worker or the improvement of proportions at the national economic level is the task of higher level organizations since it entails considerable capital investments and material expenditures, the elimination of losses of working time and the reduction of personnel turnover are primarily the concern of the middle and primary elements of the system of management.

As a result of a number of measures implemented in recent years, losses of working time have diminished somewhat. Nonetheless, these losses are still considerable at many enterprises and in many organizations. Thus in 1981, personnel turnover at enterprises belonging to the USSR Ministry of the Food Industry was higher than 25 percent; in the USSR Ministry of the Meat and Dairy Industry and USSR Ministry of the Fish Industry--22 percent; on building sites of the Ministry of Construction of Petroleum and Gas Industry Enterprises--almost 28 percent; and in the USSR Ministry of Power and Electrification--24 percent. Losses of working time (owing to whole-day and intrashift idle time, to administratively authorized

absences, absenteeism, time between jobs) decelerate the intensification of production and reduce labor productivity in branches of material production. Here, primary emphasis is placed on the organization of labor, on material-technical supply, and on social problems that must always be in the field of vision of ministries and economic managers.

In order to accelerate the growth rate of labor productivity and to make rational use of labor resources, it is essential to make broader use of progressive methods of labor organization (including the brigade form), and to bolster the stimulating role of wages. Experience shows that the brigade form of labor is a good means of improving labor and production discipline, of forming stable labor collectives, and of securing the accelerated upgrading of young workers' skills. The transition from the individual to the brigade form of labor organization usually means an increase in labor productivity by 10-15 percent.

During the last five-year plan period, there was a certain gap between the wages of the individual workman and even the labor collective as a whole and the final results of the work. In transport (especially rail transport), in a number of branches of industry, in construction, and in agriculture the average wage increased at a faster rate than envisaged in plan estimates despite the negligible growth rates of labor productivity and in some cases of output volume.

In 1981, the average monthly wage of industrial personnel increased by 2.4 percent over 1980 instead of 2.2 percent as envisaged in the plan. As a result, for every percent of increase in labor productivity, the increase in the average wage was 0.83 instead of 0.61 percent, i. e., wages were to a considerable degree paid without regard to output. Under these conditions the state must restore the physical structure of the consumption fund by drawing additional quantities of agricultural raw materials, food and nonfood commodities into circulation. It is essential to overcome the indicated negative trends and to make wages and the population's money incomes increasingly dependent on the specific contribution of workers and collectives to the development of production and to the creation of material goods. The realization of these tasks requires not additional capital investments or material-technical resources but rather the observance of state interests and initiative in the resolution of economic and social problems advanced by the party.

Of late, conditions have been created for making wages directly dependent on output. In some branches, wages are ratified in the form of a norm per ruble of output. The norm that is assigned to the ministry is virtually a bilateral contract. One party to the contract--the ministry--assumes the obligation to produce a good. The other party--in the person of USSR Gosbank--monitors the payment of wages according to a previously ratified norm and their conformity to a given quantity of output. Any activities by the enterprise to make economical use of the work force (growth of labor productivity, reduction in the number of workers in brigades, reduction of administrative-managerial personnel, etc.) must result in an increase in the average wage of working people who have assumed an additional work load and who have increased the intensiveness of their labor. But the

nonfulfillment of the production plan, low labor productivity, redundant personnel and other negative phenomena will mean a corresponding loss in earnings by members of the labor collective.

Therefore in the process of introducing the normative method of wage planning, it is essential to prepare the ministries and enterprises painstakingly in advance (otherwise the results of the enterprises will be averaged at the ministry level thereby reducing the enterprises' motivation to do a good job). Obviously, the enterprises that should be converted to the given method first are those that have demonstrated stability in fulfilling the plan. They must be given the opportunity to "earn" if they surpass plan targets without redistributing the results to all enterprises that have not worked well and that have failed to cope with the plan. Only then can we be certain that the improvement in the quality of the work will be appropriately assessed in both moral and material terms.

Our economy has at its disposal enormous possibilities for increasing labor productivity, and the targets of the five-year plan are entirely realistic. Today the problem is to secure the optimal organization of labor, to evaluate and pay each worker in a way that is just and comprehensible. The most important consideration with regard to wages is, as L. I. Brezhnev emphasized at the May (1982) Plenum of the CPSU Central Committee, that every worker see and appreciate the direct, simple and understandable relationship between his performance and his earnings.

As noted above, the thrifty, economical expenditure of material resources, i. e., their effective use, is an important condition to intensification. This is a very important problem that affects all production, planning and scientific organizations. At the level of national economic planning, the result of the indicated measures is expressed in indicators of various balances that show summary savings. USSR Gosplan, ministries, enterprises and scientific organizations are introducing progressive technical and economic norms for various types of work and expenditures of labor, raw materials, supplies, fuel-energy resources, and norms governing the use of production capacities, and capital investments.

At the present time, the system for reducing norms governing the expenditure of raw materials, fuel-energy and other material resources is the most highly developed and has broad practical significance.

Considering the significance of balance in plan indicators, USSR Gosplan has expanded the number of material balances for various types of products and has elaborated them for every year of the five-year plan. The broadest spectrum of indicators apply to ferrous and nonferrous metals, fuel, chemical products, machinery and equipment. Accordingly, enterprises are oriented toward the production of products the consumer needs and the guarantee of material-technical supply is raised on this basis.

The intensive method of economic management makes it possible to obtain significant material resources as a result of the saving. Thus, during the Eleventh Five-Year Plan, the national economy is scheduled to economize over 200 million tons of standard fuel compared with 125 million tons

in the last five-year plan period. Machine building and metalworking must economize 8.5 million tons of ferrous metals in 1985 compared with the 1980 level (5.6 million tons under the 10th Five-Year Plan) and 2.1 million tons of rolled metal in capital construction. Construction must economize 7.4 million tons of cement compared with 5 million tons in the last 5 years. There is considerable experience in meeting such targets. For example, while machine building developed at quite a rapid rate under the last five-year plan, it reduced rather than increased its fuel consumption. The increase in the consumption of rolled ferrous metals was significantly lower than the increase in the volume of consumption. However, this was only the beginning of a large-scale and prolonged effort without which it would have been impossible to reduce the expenditure of supplies but also to bring about dramatic improvement in the quality of machinery and equipment produced, and to make them more competitive in the external market.

On the whole, economies alone are slated to satisfy approximately 40 percent of the increased requirement for fuel, rolled ferrous metal and cement during the five-year period. This will make it possible to improve proportions between the raw material and processing branches. While output in general is scheduled to increase by 26 percent during the five-year plan period, growth in the fuel branches amount to 13 percent; ferrous metallurgy--15 percent; electric power production--20 percent; and machine building and metalworking--40%.

However, not all economic organs devote the proper attention to the resolution of problems regarding the saving and rational use of material resources. In particular, some Belorussian ministries of republic subordination permit material expenditures to grow more rapidly than the volume of industrial output. For example, enterprises belonging to the BSSR Ministry of the Timber and Wood Processing Industry increased the volume of industrial output by 17.8 percent during the years of the 10th Five-Year Plan while increasing the volume of material expenditures by 24 percent. Republic inventories during the 10th Five-Year Plan increased 1.5 times more rapidly than the growth rate of industrial output. During this period, above-norm inventories almost doubled. The 1981 target for economizing rolled ferrous metals was fulfilled by only 81 percent; gasoline--84; diesel fuel--86; and lumber--90 percent. The cited data show the disparity between the style and methods of work organization and the demand to augment intensive factors of economic growth.

The most important direction in strengthening the economy regimen is the use of secondary resources. For the first time, the country's five-year plan contains a special section that lists address targets for improving the use of secondary resources. This opens up major possibilities that previously did not receive the attention they deserve.

An example is the use of pyrite residues, i. e., waste materials that form in the production of sulfur from pyrites. Today the nation has accumulated 22.8 million tons of pyrite residues in heaps that cover 708.5 hectares.

If processed totally, they could yield: 11,140 thousand tons of iron and a considerable quantity of copper, zinc and arsenic.

At the request of USSR Gosplan, the Ural Science Center is developing technology and planning the construction of a pilot plant for the total processing of pyrites and for recovering valuable components with a total value of approximately 540 million rubles.

Ash and slag that form at thermal electric power plants are also a valuable type of secondary raw material. Of the almost 100 million tons of them that formed in 1981, only 9 million tons were utilized. This waste is used for liming acidic soils, for the production of cement and brick, in the construction of highways and airports in a relatively insignificant volume, and in the production of porous agglomerate ash, reinforced concrete and concrete products.

In March 1982, USSR Gosplan examined proposals of the Institute of Casting Problems of the Ukrainian SSR Academy of Sciences on the extraction of granulated ferrosilicon from the ash and slag of state regional electric power stations. The USSR Ministry of Ferrous Metallurgy and the USSR Ministry of Power and Electrification were instructed to create sectors for the recovery of ferrosilicon at thermal electric power stations. Starting in 1982, the target for applying ash and ash-slag waste was included in the "Secondary Raw Material Utilization" section of the state plan for the economic and social development of the USSR.

The Eleventh Five-Year Plan assigns USSR ministries and councils of ministers of union republics the target of utilizing 62.3 million tons of ash and ash-slag waste of thermal electric power stations.

The recycling of worn-out tires is also a problem of no little importance. Its major direction is the production of reclaimed rubber--a product that partially or completely replaces synthetic rubber in the production of rubber products. Its production makes it possible to use a greater quantity of rubber that remains in old, worn-out tires (approximately 75 percent) and thereby to reduce the expenditure of imported natural rubber.

Worn-out tires can also be reduced to small particles and used as raw materials in the production of a number of construction and technical materials, in roadbuilding, in the production of anticorrosive and sealant mastics and other types of products.

All this indicates that with proper management and with minimal expenditures, scarce commodities can be produced from unnecessary wastes that are sometimes hazardous and have a polluting effect on nature. At the present time, we now have to purchase them abroad.

The more complete, rational use of secondary resources must be taken into account in plans for the construction of plants and factories. This must become the direct obligation of planning organizations. Ministries and departments of the USSR, USSR Gosplan and USSR Gosstroy are called upon to monitor the fulfillment of this measure continuously.

Five-year plan targets for economizing material resources defined the level of lowering of the materials-output ratio in the most important branches of material production--industry and agriculture. While in 1980, material expenditures amounted to 63 kopecks for every ruble of industrial output, in 1985 material expenditures per ruble of industrial output must be 62 kopecks, which means a saving of roughly 8 billion rubles a year.

In agriculture, material expenditures per ruble of agricultural output should be 53 kopecks in 1985 compared with 56.5 kopecks in 1980. This will mean an annual saving of approximately 2 billion rubles in material resources.

Unfortunately, some ministries perceive the target for the economical and rational use of material resources, especially metal, as super-intensive and relatively impracticable. Here, it is obviously essential to turn to indicators reflecting the end result in the consumption of metal in the national economy, i. e., the metal-intensiveness of national income. It is a global indicator that objectively reflects the degree of effectiveness with which the principal construction material--metal on the scale of the national economy--is used. In order that the calculations not be distorted, indicators must be commensurable. For example, metal that is used in the fabrication of steel pipe is excluded from the calculation since the Eleventh Five-Year Plan calls for intensive pipeline construction and for an intensive pipe production program. In the given instance, metal-intensiveness could be artificially jacked up compared with other five-year plans. Accordingly, the dynamics of the comparable indicator of metal-intensiveness of national income is characterized by the following data: under the 9th Five-Year Plan, it declined by 7.3 percent compared with the 8th; in the 10th--by 11.6 percent (compared with the 9th); and in the 11th Five-Year Plan will decline by 9.2 percent. Thus, the plan indicator is at the midway point between actual magnitudes. It should not be forgotten that we produce more rolled ferrous metal than the USA and any other developed capitalist country, while we lag significantly in the coefficient of its use, e. g., in machine building. These figures show that associations, enterprises, building sites, ministries, departments, and their scientific organizations must find ways of reducing the expenditure of metal.

Without securing the level of saving of material resources specified in the five-year plan, it is impossible to satisfy the requirement of a number of branches for the necessary quantity of rolled metal, fuel, cement, lumber, etc. Therefore, the question of economizing acquires special timeliness. This is specifically how the question is perceived in the Ministry of the Electrical Equipment Industry, the Ministry of the Machine Tool Industry, and the Ministry of Machine Building for Animal Husbandry and Fodder Production, whose enterprises and organizations have met their targets for a number of years. As their experience shows, this painstaking work requires the involvement of all subdivisions in the branch--from scientific organizations to worker brigades, from each engineer to every worker. Nonetheless, some ministry and enterprise heads still consider the reduction of expenditure norms to be a target of secondary importance. Hence there is no appropriate effort in the USSR Ministry of Ferrous Metallurgy,

the Ministry of the Petroleum Refining and Petrochemical Industry, the Ministry of the Automotive Industry, the Ministry of Agricultural Machine Building, and the Ministry of Power Machine Building that are constantly lagging. Accordingly the reference is not only to the level of reduction of the materials expenditure norm, but more broadly to the attitude toward the effort, in particular, toward the solution of a problem of the utmost importance, and the involvement of the working people who can directly affect the saving of resources.

The decree of the CPSU Central Committee and the USSR Council of Ministers "On Strengthening the Effort to Make Economical and Rational Use of Raw Material, Fuel-Energy and Other Material Resources" attaches much significance to the evaluation of the end results of saving, to raising the responsibility of both managers and direct producers for the overexpenditure and uneconomical use of material resources.

Accordingly in addition to other measures, starting in 1983 there must be reorganization of the system of material rewards for blue collar workers, engineering and technical personnel and white collar workers depending on the level of material expenditures per ruble of output with due regard to the fulfillment of targets relating to the enterprise cost of production (work). The indicated measures on the one hand demand a high degree of technical and economic substantiation of ratified limits on material expenditures in money terms and on the other hand the reward mechanism must be simple and comprehensible to every worker.

The raising of the effectiveness of planned management of the national economy depends on many factors. In our view, the mandatory fulfillment of the production for the entire product mix by industrial branches is one of them. The violation of the product mix in favor of material-intensive and energy-intensive types has become customary for the majority of enterprises (including enterprises that have been converted to normative net output as a planning indicator). This cancels out all efforts of planning agencies to secure balance in five-year and one-year plans and to attain corresponding production growth rates. In 1980 supplier enterprises violated contractual commitments regarding deliveries of concrete products to the extent of 17 billion rubles; in 1981--17.4 billion. At the same time, the growth of industrial production was for the most part realized on the basis of products delivered with deviations from commitments concluded between customers and suppliers, which essentially means supplanting plan targets by products not ordered by the customer. This situation has been noted in particular at enterprises belonging to the USSR Ministry of Ferrous Metallurgy, the Ministry of the Chemical Industry, the Ministry of Heavy Machine Building, and other ministries. The suppliers, however, do not bear the necessary responsibility and moreover are considered to have fulfilled their production plan; instead of intensification, the national economy suffers the disruption of proportions, the overexpenditure of material resources, and the lowering of the growth rates.

The resolution of this extremely important problem lies in consistently raising the responsibility of labor collectives, i. e., the primary, basic elements of material production; in the elaboration of plans and in the

strengthening of their mutual responsibility in the course of the fulfillment of state plan targets. This is the orientation that is given to us by the decree of the CPSU Central Committee and the USSR Council of Ministers on the improvement of the economic mechanism. Implementing the points in this document, USSR Gosplan specifies inter alia the drafting of plans of economic and social development in subsequent years of the Eleventh Five-Year Plan from below--from production, associations, enterprises and organizations based on targets and economic norms established for the corresponding year in the State Plan of Economic and Social Development of the USSR in 1981-1985. The lower, primary elements are specifically assigned responsibility for the concretization of these targets (especially with regard to the product mix), for planning the introduction of advances of science and technology, and for implementing economic and organizational measures that ensure the fulfillment of the five-year plan in general. The product mix will be updated with regard to the delivery of specific products to customers and especially those which whom long-term economic ties have been established. Of course, the appropriate ministries bear the responsibility in this regard for the branch in general.

The collegium of USSR Gosplan has resolved to commence the compilation of the plan earlier in order to allow labor collectives more time to find additional reserves for increasing production, for improving the proportionality of the production plan and for securing the preliminary distribution of products, and for substantiating counterplans. The economic incentive system in the plan for 1981-1985 promotes such a method for drafting the plan: if the five-year plan targets are attained in the year plan, the economic incentive funds remain at the planned level; if they are surpassed, the economic incentive funds increase substantially compared with the conventional norms. And conversely, when the targets are lowered, the economic incentive funds diminish.

The Constitution of the USSR states that enterprises must be more active in drafting plans and must bear greater responsibility for their fulfillment. The same also applies to the use of the country's vast economic potential. However, the level of utilization of existing fixed capital by a number of branches and production facilities is still not sufficiently high. Thus, in 1980 facilities for producing mineral fertilizers were used to only 73 percent of capacity; facilities for the production of steam and gas turbine generators--63 percent. According to the report for 1980, the coefficient of utilization of metalworking equipment in 1980 was only 71 percent. At enterprises belonging to the Ministry of Power Machine Building and the Ministry of Construction, Road and Municipal Machine Building and the Ministry of the Automotive Industry, the number of shifts in which metalworking equipment is operated is declining. All this attests to the existence of considerable reserves for the growth of output.

The consistent implementation of measures and principles contained in the decree of the CPSU Central Committee and the USSR Council of Ministers on the improvement of the economic mechanism and the raising of the role of labor collectives in this regard are the main condition to the elimination of negative phenomena in the development of the economy and in securing the growth of its effectiveness. In our opinion, in the near future, it will be necessary to carry out a number of measures, including:

--securing the observance of the system of indicators (indicators ratified in the plan and calculated indicators) at all levels on management and planning. At the present time, an excessive number of them are in operation simultaneously;

--continuing and, where expedient, beginning from the ground up work on the creation of production associations with regard to the demands of production specialization rather than mechanically amalgamating allied production facilities. This creative technical engineering and economic process must be determined by the production of finite types of products and by the common interests of united enterprises. The existence of five-year plans makes it possible to put production on a cost accounting basis, when part of the effect (in the form of profit) from the creation of associations and their effective functioning must remain at the disposal of the enterprise;

--defining functions more precisely and improving the structure of science-production associations so that their activity would be subordinate to the basic task of introducing scientific and technical progress into the branch;

--restoring the role of the production development fund in the activity of associations and enterprises. The collective's earnings must be used to develop and improve production. The system of economic incentive funds should be simplified and made comprehensible to every worker;

--studying the question of using part of the resources of the material incentive fund for wage increases based on seniority. The introduction of such increases everywhere will have a stabilizing effect on the work force;

--raising the role and responsibility of enterprises for deliveries. At the present time, there is an artificial gulf between suppliers and customers. Ministries must study the requirements and together with USSR Gosplan must distribute products and improve direct ties between enterprises. Long-term relations between customers and suppliers are a positive factor and promote the reciprocal responsibility of enterprises for the fulfillment of plans.

Intensive management techniques require joint critiquing of most problems, i. e., taking into account improvements in the use of fixed productive capital, raising the technical level of production, the better use of capital investments, labor and material resources, etc. Only then will it be possible to select optimal variants promoting the growth of productivity of social labor. In USSR Gosplan, the given work finds its reflection in the strengthening of summary economic and balance sheet calculations, in the more complete consideration of scientific and technical advances in the plan, in the improvement of methodological and organizational work, including work on the improvement of the normative base of planning. The result is substantial change in the structure of the USSR Gosplan apparatus; cadres are screened and placed; and the methods used to draft state plans are refined. Basic emphasis in the organization of the work is shifted to integrated planning administrations which include departments, associations in various branches and spheres of activity. New regulations on USSR Gosplan have been ratified. The regulations reflect the raising of its role in the system of state government organs.

At the present time, USSR Gosplan, like all enterprises, ministries and agencies, is drafting the plan for 1983. In addition to the monitoring of the course of fulfillment of the plan for 1982, the preparation of the draft of the plan for the third year of the five-year plan is presently the main task of USSR Gosplan and all planning agencies.

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REGIONAL DEVELOPMENT

ECONOMIC PROGRESS OF RSFSR

Alma-Ata NARODNOYE KHOZYAYSTVO KAZAKHSTANA in Russian No 6, Jun 82 pp 3-7

[Article by N. Maslennikov, deputy chairman of the RSFSR Council of Ministers, chairman of RSFSR Gosplan: "We Are Strong in Our Fraternity"]

[Text] "The creation of the USSR is a living embodiment of the ideas of Vladimir Il'ich Lenin and of the Leninist principles of nationalities policy"--these lines from the decree of the CPSU Central Committee "On the 60th Anniversary of the Formation of the Union of Soviet Socialist Republics" anticipate the publication of a cycle of articles devoted to this important anniversary.

The birth of the USSR was a continuation of Great October, and the supreme service of our party. "We want a voluntary union of nations," V. I. Lenin said, "the kind of union which will not permit any kind of violence by one nation against another--the kind of union which will be based on the completest trust, on a clear consciousness of fraternal unity, on a full voluntary agreement."

This union was created in December 1922, and for a period of six decades now it has been an example of the revolutionary transforming activities of the peoples of our country which has resulted in the construction of a developed socialist society. A new historical community of people has been formed--the Soviet people.

Six decades is a small period of time, equal to one human life. But today, looking with our mind's eye at the road which has been traversed by our country, each of us can see how much has been accomplished for the comprehensive development of our nations and peoples. Dynamic economic growth, a modern industry, agriculture, and science, and a genuine cultural flowering--all of this characterizes any of the Soviet republics. At the same time, they have their own inimitable aspect and uniquely national features.

Speaking in March 1982 at the celebrations on the occasion of the presentation to the Uzbek SSR of the Order of Lenin, Comrade L. I. Brezhnev said: "Life very clearly shows that despite the slanders of our enemies, socialism not only does not lead to the loss by peoples of their inimitable visage, cultural characteristics, and traditions, but raises this uniqueness to a new height and makes it the property of many other peoples."

The RSFSR is the largest republic of the USSR in territory and population, and it possesses an enormous economic and scientific potential. Its lands stretch from the Baltic to the Pacific Ocean, from the cold north to the torrid south. And inseparably tied to Russia is Kazakhstan which stretches from the islands of the Zailiskoye Alatau to the blue Caspian. A long-time friendship binds our peoples together.

This year marks the 250th anniversary of Kazakhstan's voluntary association with Russia, and this fact is profoundly significant. Together with the great Country of Soviets Kazakhstan has risen to a height which is beyond the dreams that were once dreamed by the great enlighteners of the Kazakh people--Chokan Valikhanov, Ibray Altynsarin, and Abay Kunanbayev. . . . It is with good reason that Leonid Il'ich Brezhnev said at the 26th Party Congress that Kazakhstan is experiencing a period of genuine economic and cultural flowering.

The history of Soviet Kazakhstan is inseparably bound up with the names of M. V. Frunze, V. V. Kuybyshev, and other outstanding revolutionaries. The legendary "Cherkassy Defense" and Obukhovo Commune will forever be preserved in the people's memory. The heroic feats of the partisan detachments of the North Semirech'ye--"The Mountain Eagles of Tarbagatay"--and of the Petersburg workers who created the first agricultural commune in Eastern Kazakhstan could only have been accomplished under the banners of internationalism which were raised by Great October.

As is known, a decisive role in the creation of the union state was played by the RSFSR around which all of the union republics united on a voluntary basis. As the first multinational state, the Russian Federation was the prototype of the RSFSR, and the Russian people demonstrated vivid examples of selfless aid to the workers of the outlying national districts. The construction of the Turksib, the movement of the Twenty-Five-Thousanders, and the creation of industrial centers in Kazakhstan were testimony to the Leninist friendship of peoples and to the moral and political unity of Soviet people.

The homeland will never forget the heroic feat of Kazakhstan which during the war years became a mighty arsenal for the front, for the Panfilovtsy heroes, and it will never forget the enormous help of the people of Kazakhstan during the period of the restoration of the economy. And the virgin lands' epic? The age-old Kazakhstan steppes which have now become the homeland's grainery were awakened by a monolithic international community of the representatives of more than 100 nationalities and peoples of our country.

The 15 Soviet republics are celebrating the anniversary of the formation of the USSR at the height of their economic and spiritual might and closely united around their native communist party. And the Russian Federation occupies a worthy place in this fraternal constellation.

Russia's strides. . . . They are truly gigantic. Compared to 1922--the year of the formation of the USSR,--the national income produced in the RSFSR has increased by 160 times.

During the years of Soviet power a large technically modern industry and a multi-branch highly mechanized agriculture have been created on the territory of Russia, tremendous amounts of natural resources have been drawn into use, an army of many millions of highly skilled workers, engineers, and scientific cadres has been trained, and the flourishing of science and culture has been ensured.

In 1980 industrial production in the republic exceeded the 1940 indicator by almost 19 times. Today the RSFSR produces more than 90 percent of the union's petroleum and gas condensate, and more than 85 percent of its motor vehicles. The republic occupies a leading place in the country for gas and coal extraction, for steel smelting, and for the production of electric energy, cement, chemical fibers, fabrics, refrigerators, television sets, radios, and many other types of industrial output.

The industry of the Russian Federation today is characterized not only by might, but also by great diversity--it contains more than 400 branches and sub-branches. The basic task of industry is to provide a fuller satisfaction for the economy's and population's needs for high quality output and to ensure the reequipping and intensification of production in all branches.

The workers of the Russian Federation achieved enormous successes during the years of the 10th Five-Year Plan. There was a substantial increase in the production of industrial and agricultural output, and the material and cultural levels of the federation's citizens rose substantially. National income increased in the RSFSR by 23.7 percent, and, moreover, four-fifths of it was used directly for the population's consumption, and for housing and cultural and domestic construction. Compared to 1975, the volume of industrial production in 1980 increased by 22.4 percent. The production of consumer goods increased, their assortment was expanded, and their quality improved.

The party's agrarian policy has been carried out in a consistent manner. The material and technical base of agriculture has continued to grow stronger. Despite unfavorable weather conditions, for the first time the kolkhoz and sovkhoz workers of the Russian Federation have achieved during the 5-year period an average annual grain harvest of 114 million tons. The sale to the state of the basic agricultural products increased.

During the five-year plan around 700 large industrial enterprises were built in the republic, and thousands of new shops and productions were put into operation. All types of transport and communications received an effective development. But the achievements of the 10th Five-Year Plan are important not only in themselves. They are a reliable foundation for the realization of the assignments of the present, 11th Five-Year Plan. High but attainable frontiers have been established for the Russian republic's 11th Five-Year Plan.

During the new five-year plan Russia will continue in the all-union division of labor to be a very large supplier of the output of the extracting and pro-

cessing branches of heavy industry. In this connection, the basic proportions of development of the various branches have been defined.

A more rational siting of the productive forces will promote the successful accomplishment of the tasks of the five-year plan. An improvement of the territorial structure of production, an overall development of economic regions, the rationalization of inter-regional and intra-regional production and economic relations, and an increased contribution by all of the territorial subdivisions of the single national economic complex to the achievement of common national goals will serve as an effective factor in creating favorable conditions for the dynamic and proportional growth of the RSFSR's economy and in increasing the efficiency of the use of existing reserves.

During the five-year plan national income will increase by 22 percent, and the volume of capital investments by 10 percent. This is an expression of the party's course aimed at improving the use of all resources and increasing the intensification of production. The amount of industrial commodity output will increase by 25 percent (compared to 22.4 percent during the 10th Five-Year Plan). Average annual agricultural gross output will increase by 13 percent.

It is important to emphasize the strengthening of the social thrust of our plans. Thus, during the 5-year period the consumption fund's share of national income will increase from 74 to 77 percent. Production growth rates in the branches of group "B" will exceed the rates of group "A."

In order to provide the population more fully with food products great importance is being attributed to the realization of the Food Program which was developed on the initiative of Comrade L. I. Brezhnev. The average annual production of grain during the 11th Five-Year Plan is planned for 134-136 million tons, sugar beet--33-34 million tons, grapes--no less than 1 million tons, meat (in slaughtered weight)--8.4-8.7 million tons, milk--50-52 million tons, and wool--235,000-245,000 tons. The production of sunflower seeds will increase by 1.3 times, vegetables--1.2 times, and potatoes--by 10-12 percent.

The Russian village is being transformed with each passing year. Suffice it to say that as of the beginning of the current five-year plan there was 30.9 horsepower, 3,732 kilowatt-hours of electric energy, and 10,900 rubles of productive capital per agricultural worker. The indicators of the growth of the chemicalization of agriculture and of land improvement are also convincing. Thus, for example, during the last 10 years the application of mineral fertilizers increased by more than 2 times, and, after the 1966 decision of the party on the extensive development in the country of land improvement, the irrigated land area increased more than threefold.

Of course, the growth of agricultural production is only possible with an expansion of the machinery pool and of supplies of chemicals and fertilizers. And the republic's industry will provide its farmers with everything necessary and will make its contribution to the realization of the Food Program.

One of the chief characteristics of the 11th Five-Year Plan is an orientation by all of the branches of the economy toward a further increase in efficiency and quality. The absolute increases in output have to be achieved with an appreciable decrease in the number of workers in production and of capital investment ceilings.

An increase in labor productivity is a key indicator of increased efficiency. On the basis of an acceleration of scientific and technological progress and an improvement of production organization it is planned to increase the productivity of social labor during the 5-year period by 21 percent. This will be the basis for obtaining 90 percent of the increase in industrial output, and the entire increase in gross agricultural output and in construction and installation work.

It is planned to increase the efficiency of capital investments: every ruble of capital investments assigned for the development of industry is supposed to ensure an output increase of 1 ruble 20 kopecks, compared to 43 kopecks during the 10th Five-Year Plan.

It is planned to carry out a broad program to raise the standard of living of the people. The real income of the workers will increase by 17.7 percent, retail commodity turnover by 22.1 percent, and the realization of domestic services by 42.6 percent. Around 300 million square meters of residential house space will be built, which will make it possible to improve the housing conditions of around 30 million people.

Especial attention is being devoted during the present five-year plan to increasing the economic potential of the republic's eastern regions.

The creation of the West Siberian petroleum and gas complex, the Kansk-Achinsk coal basin, and the construction of the Baykal-Amur main line--these are the transformation landmarks of today.

In Siberia the development of natural resources and of fuel and energy bases is continuing. There will continue to be an accelerated growth here of electric power engineering, ferrous metallurgy, the fuel, chemical, petrochemical, timber, woodworking, and cellulose and paper industries, and the construction industry.

In the European part of the republic and in the Urals industrial growth is planned basically on the basis of a better use of the production potential which has been created and of the reconstruction and reequipping of operating enterprises without an increase in the number of workers. In addition, the siting of new and expansion of operating energy and water intensive productions is not planned for the European areas.

In such large developed industrial centers as Moscow and Leningrad attention will be concentrated on the reconstruction and reequipping of existing enterprises with a strengthening of their specialization in the production of high technical and high quality products.

The party and government are assigning a paramount role in the accomplishment of the tasks facing the country's economy to scientific and technological progress and to a thorough use of scientific and technical achievements in the practice of socialist construction.

Russia's science and technology today consists of the country's largest territorial scientific centers such as the Siberian Branch and the Urals and Far Eastern scientific centers of the USSR Academy of Sciences, the regional divisions of the All-Union Academy of Agricultural Sciences imeni V. I. Lenin, and others. It consists of thousands of scientific research organizations and 494 VUZES, and around 940,000 scientific workers.

Every year the republic's economy sees the overall mechanization and automation of more than 3,000 enterprises, shops, sectors, and productions, the installation of 6,500 mechanized and automated flow lines, and the introduction of around 2.5 million inventions and rationalizers' suggestions.

In accordance with the decisions of the 26th Party Congress, the plenums of the CPSU Central Committee, and the 1979 decree of the CPSU Central Committee and USSR Council of Ministers "On Improving Planning and Strengthening the Influence of the Economic Mechanism on an Improvement of Production Efficiency and of the Quality of Work," during the new five-year plan the program special-purpose method of planning will received wide dissemination. This method cannot be called a new one in the history of our construction. It is sufficient to recall the plan of the State Commission for the Electrification of Russia, the opening up of the virgin lands, and the realization of the space program.

However, it is today that we have the right to speak about a comprehensive introduction of the program special-purpose method in all of the spheres of the economy, and of the realization of its principles at all of the levels of economic management. Its advantages consist in uniting the principles of planning and management, its clearly expressed purpose character, its firm balance and provisioning with resources, and its high efficiency in the realization of programs.

The RSFSR Council of Ministers has ratified a list of 23 republic programs, including the Food Program, the social restructuring of the village, an increase in consumer goods, the development of transportation and communications, a curtailment of the use of manual labor, the overall and efficient use of fuel and energy resources, environmental protection, and others.

In addition to this, most of the RSFSR ministries and departments are realizing branch programs, which is also promoting an acceleration of scientific and technological progress, and the efficient accomplishment of economic tasks.

This is the general development strategy. As for concrete branches, the production of machine building, and the gas, chemical, and petrochemical industries will develop at outstripping rates. It is these branches which determine scientific and technological progress.

As in the past, machine building will be playing a key role in the development of the republic's economy. We shall continue to increase the production of forging and pressing lines, modern machine tools, robots, and other progressive equipment. In machine tool building, for example, a substantial growth is planned for the production of automatic and semi-automatic machine tools, machine tools with digital programmed controls, and special, aggregate, heavy, unique and high precision machine tools.

A new metalworking technology which makes it possible to substantially reduce the expenditure of raw materials will find a wide use in metalworking. The development of ferrous metallurgy will be achieved basically by means of a fundamental improvement of quality and an increase in the production of efficient types of metal output.

The reconstruction and construction of several hundred machine building and metalworking enterprises is being conducted in the republic. By the end of the 10th Five-Year Plan a new plant of the Kama Motor Vehicle Plant was already producing five varieties of trucks, and recently new models were mastered which are distinguished by a high load capacity and operational reliability. Alongside the Kama Motor Vehicle Plant, in the city of Naberezhnyye Chelny, a large plant for the production of transportation electrical equipment is being built. In the vicinity, in the Bashkir city of Neftekamsk, a dump truck plant based on the Kama Motor Vehicle Plant is being built. Near the city of Serdobsk, in Penza Oblast, construction work has been begun on the large "Sel'mash" Plant which is designed for the mass production of soil cultivating and sowing attachments for powerful tractors. The construction of the Cheboksary Industrial Tractor Plant is continuing in Volgo-Vyatskiy Rayon. On the outskirts of the North Caucasian city of Volgodonsk the "Atomash" is being built; its output will make it possible to substantially accelerate the accomplishment of the task of an outstripping development for atomic power engineering in our country. After it reaches its planned capacity, every year it will produce overall equipment for atomic electric power stations with a total capacity of up to 8 million kilowatts. In the same city of Volgodonsk construction work has been begun on another giant of industry--the "Energomash" Plant which will be a large base for energy machine building. Large branches of "Uralsmash" with diverse profiles are being built in Sverdlovsk Oblast. A new railroad car construction plant and a complex of enterprises in the electrical engineering industry in Krasnoyarsk Krai are already producing output, and a giant of heavy machine building--a heavy excavator plant--is being built for the mining industry in the city of Krasnoyarsk.

During the current five-year plan new capacities at the Cherepovets Metallurgical Plant, and the first stage of the Oskol'sk Electrometallurgical Combine will go into operation. The Magnitogorsk and Kuznetsk Metallurgical Combines are being reconstructed and reequipped. There will be an increase in the production of high quality steels, and capacities for continuous metal smelting and powder metallurgy, for the production of rolled goods, especially sheet goods, including cold rolled sheet will increase. It is planned to increase the production of heat resistant rolled goods and rolled goods and piping with protective coatings.

If metal is the "bread" of industry, then power engineering is the "heart" of a modern economy.

Russia's power engineering program for the current five-year plan will have the following appearance.

It is planned to bring the production of electric energy in 1985 to 942.5 billion kilowatt-hours, and the increase in energy production in the European part of the republic will be achieved basically through atomic and hydroelectric power stations. During this five-year plan capacities are to be put into operation at the Balakovo, Salinin, Kursk, Rostov, and Smolensk Atomic Electric Power Stations, and at the Cheboksary and Nizhnekamsk Hydroelectric Power Stations.

The construction of large hydroelectric power stations with a view toward the overall use of water resources is continuing on the rivers of Siberia and the Far East. Construction will begin here on the Boguchanskiy Hydroelectric Power Station on the Angara, and on the Buryeya Hydroelectric Power Station on the Buryey River, and the construction of the Kolyma Hydroelectric Power Station will be completed. In the areas east of the Urals which are rich in fuel resources large thermal electric power stations, above all those which make use of the coals of the Kansk-Achinsk basin and also of the natural and by-product gas of the deposits of western Siberia will be built. In the Far East construction will be completed on the first stage of the Neryungri State Regional Electric Power Station, and the construction of the Primorsk State Regional Electric Power Station will be completed.

On the basis of a further development of the country's Unified Power System energy supplies for the republic's important industrial zones will be improved through an expansion of inter-republic communications. As is known, during the present five-year plan operations will begin on the first stage of the Ekibastuz-Center 1500-kilovolt constant current electric transmission lines, and of the Ekibastuz-Urals 750-kilovolt alternating current electric transmission line.

Here you have a most vivid example of fraternal cooperation and mutual help in the solution of economic problems. Unification in a single union increases the strength of the republics and accelerates the social and economic development of the country. Our single national economic complex requires a maximum use of the material and spiritual potentials of the union republics. One could cite quite a few examples of fruitful cooperation between the Russian Federation and Soviet Kazakhstan. This concerns economic and scientific and cultural relations.

The further progress of all of the Soviet republics and, consequently, the growth of their contribution to communist construction is being promoted by the creation of large territorial-production complexes and the accomplishment of such general union economic tasks as the development of the fuel and energy and raw material resources of the areas of Siberia, the Far East, the North, and the BAM Zone.

In recent years the Nonchernozem Zone of our republic which contains 29 oblasts and autonomous republics has been singled out for an accelerated development of the country's productive forces. Other union republics, including Kazakhstan, are helping to realize the extensive overall program for the transformation of this zone of the Russian Federation. Specialized construction and installation trains, mobile mechanized columns, and student construction detachments are helping to revive the fertility of this ancient Russian land.

The economy of the Soviet Union is not the sum of the economies of the individual republics and oblasts, but a long developed single economic organism. This finds its expression in the planning for the economy, in the rational siting of the productive forces, in a fuller use of natural resources, in a scientifically substantiated distribution of capital investments, in the conduct of a single technical policy, in bringing about the equalization of the working and living conditions of the workers of all areas, and in perfecting the forms and methods of inter-republic cooperation in the field of economics and culture.

The Russian Federation supplies Kazakhstan with metal and steel piping, equipment for electric power stations, motor vehicles, tractors, and combines. Kazakhstan supplies Russia with ore, ferrous and nonferrous metals, steel, rolled goods, and chemical industry output. The production of grain on the virgin lands is of all-union importance.

The soil protection cropping system which was born in the Kazakhstan virgin lands has "taken" in the Povolozh'ye, the Kuban', and in the Kulunda steppes.

The effectiveness of production in the republic depends upon economic development in the other regions of the country, and upon the intra-union division of labor. This community of economic interests creates the basis for the interaction between nations.

The decree of the CPSU Central Committee "On the 60th Anniversary of the Formation of the Union of Soviet Socialist Republics" names the indestructible unity of the peoples of the USSR and their harmonious joint work as a guarantee for the successful fulfillment of the decisions of the 26th Congress of our party. And indeed, Soviet people are strong in their working fraternity. There is good reason why the largest new construction projects--BAM, the "Atomash," the projects in the Nonchernozem Zone, the world's largest coal pit "Bogatyr'," and the tin shop at the Karaganda Metallurgical Combine--are called construction projects of the friendship of the Soviet peoples.

Such examples are convincing testimony to the fact that the unification of the Soviet peoples into the USSR is increasing their creative energies and potentialities for the creation of the material and technical base of communism.

Moving forward to meet the anniversary of the formation of the USSR, the workers of the Russian Federation, having begun an extensive socialist competition, will mark the 11th Five-Year Plan with shock labor and new successes in the struggle to carry out the decisions of the 26th CPSU Congress.

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REGIONAL DEVELOPMENT

GROWTH OF LITHUANIA'S INDUSTRY REVIEWED

Vilnius KOMMUNIST in Russian No 7, Jul 82 pp 49-56

[Article by K. Meshkauskas: "The Growth of Soviet Lithuania's Industry"]

[Text] Socialism has created broad possibilities for the development of the productive forces and for the social and economic progress both of the Soviet Union as a whole and of the union republics which are a part of it.

The possibility for there to be friendly intercourse between the peoples of our country is of enormous importance for the social and economic growth of the USSR and of every republic.

The unification of the experience, economic resources, and technical possibilities of our entire country has made it possible for the union republics to achieve substantial successes. In a brief historical period they overcame the economic and cultural backwardness inherited from the past, carried out fundamental social and economic transformations, built socialism, and transformed our entire country into a powerful state which is highly developed from the economic, technical, and cultural points of view.

The Soviet Union plays a decisive role in the consolidation of the union of the social groups of our country, in the development of the socialist nations, and in strengthening their unity.

As is known, Lithuania, like the other Baltic republics, became a member of the Soviet Union later than the other union republics. At that time the level of the development of the productive forces in the Baltic republics was low.

The war which had been unleashed by the Hitlerite invaders and the occupation inflicted such damage on Soviet Lithuania as had never been caused by any previous war.

During the postwar years young Soviet Lithuania and its workers and Communist Party had to accomplish a number of extremely difficult tasks. The devastated economy had to be restored and shifted from a military to a peaceful basis, a rational economic structure had to be formed, cities rebuilt, and economic lagging overcome.

One of the most important tasks was the accelerated development of industry and the industrialization of the economy. The equalization of the unequal economic development levels in the republic has in effect been carried out through planning on a territorial basis. For this reason, territorial planning and the organization of production play a very important role in the accomplishment of the above task. Higher development rates are established for the economically backward republics. Until the 10th Five-Year Plan, Soviet Lithuania was marked by high industrial growth rates. When the republic reached the general union level of per capita industrial development the rates were equalized.

Socialist industrialization was one of the characteristic features of the development of the economy. However, the essence of socialist industrialization should not be understood only as the replacement of the agrarian character of the republic's economy with an industrial one. Socialist industrialization made it possible to accomplish the following important and urgent tasks of the construction of socialism in the republic: a strengthening of public property ownership and socialist production relations, an increase in the leading role of the working class, the finding of work for labor power, the productive use of local raw material resources, the reequipping of the branches of material production, the creation of a foundation for the socialist transformation of agriculture, and an improvement of the people's well-being.

It was also necessary to form a branch structure for the republic's economy, especially for industry. In this field, guidance was taken from the economic and political tasks which were common for the entire state, and also from the inter-regional division of labor and socialist principles of the siting of the productive forces. A rational siting of the productive forces is determined by the natural and economic conditions of a republic, and by the experience and specialization in the material production which has developed over centuries. The place and role of a republic in the country-wide inter-regional division of labor depends upon them.

The problem of the overall development of an economy embraces both the comprehensive development of an economic region and its specialization in the field for which the most favorable conditions exist in that region. In forming the structure of the republic's economy as a whole and its industry in particular account was taken of its most characteristic economic and geographical features. The chief ones are:

the republic's geographical position in the West of the Soviet Union, reaching to the southeast coast of the Baltic Sea. Convenient communications with the central and northwestern areas of the country;

a well-developed network of rail and motor vehicle roads. The importance of Klaypeda as a practically ice-free port;

a soil and climate favorable for growing certain industrial crops (flax, sugar beet);

a consideration of the raw materials on the republic's territory: dolomite, sand, gravel, rocks, clay, gypsum, chalk, peat, and also timberlands and water resources.

The density of the population and, especially, labor resources were of considerable importance for the formation of the economy's structure and for determining the basic direction of the development of industry. Account was also taken here of the experience which had been built up by the population in the field of agricultural (the raising of livestock, flax) and also industrial production (the wood and metalworking industry, the food, textile, leather, and garment industries).

The above-enumerated factors--the abundance of skilled and unskilled labor power, a lack of the basic types of raw materials (ore, petroleum, coal), and also an insufficiency of wood--gave rise to the creation of branches of the machine building industry which produce valuable transportable output. First of all, instrument making, electric engineering, radio engineering, electronics, and machine tool building, especially precision machine tools, were created. It is here that the above-mentioned branches and sub-branches of machine building which formed the nucleus of the republic's heavy industry gradually crystallized. The outlet to the Baltic Sea gave rise to the creation of a large branch of machine building--ocean shipbuilding--and also the ship repair industry.

The development in the republic of productive directions of animal husbandry demanded the organization of the production of certain kinds of agricultural machines and especially spare parts for them, and also an increase in the production of the metal products necessary for the economy. This was especially required by the growing urban and rural construction. More and more metal products like locks and mountings, wood products, and fittings were needed. It was not expedient to import these products from other economic regions. In view of the similar natural and economic conditions and also industrial structure of the Baltic countries and Kaliningrad Oblast of the RSFSR, during the process of the development of the republic's machine building and metalworking industry, to avoid duplication of the same output, and in order to establish cooperative relations the objects under construction had to be strictly combined with the entire territorial-industrial complex of the Baltic countries. An accurate and rational direction for the formation and development of machine building was not immediately found in the republic, and there were insufficiently valid decisions. The production profile of certain new enterprises did not entirely correspond to local conditions, which made itself especially felt during the first postwar decade. These defects were corrected, and the structure and directions of development were improved; however, certain defects are not easy to correct.

The overall development of the republic's economy demanded the creation of a chemical industry, since it was unprofitable to import the basic chemical industry products from the country's remote areas. The production of mineral fertilizers, artificial fibers, and plastics was created; and the production of varnishes, paints, household chemistry products, medicines, and micro-biological output was organized and expanded on a new technical level.

The supplying of Lithuania with natural gas created the real economic conditions for the organization of the production of organic fertilizers.

The republic's fish industry which in essence was created during the years of Soviet power joined the single USSR Western Fish Industry Complex. Before the war this branch had a craft industry character and was outfitted with small vessels and primitive fishing equipment.

As a result of the intensive urban and rural construction in the republic which took on an enormous scope the construction materials industry was called upon to play a corresponding role. In order to meet the needs of the economy and, above all, of construction, important branches of the construction materials industry were created--the cement industry and the production of slate, mineral wadding, porous clay filler, ferroconcrete products and structures, soft roofing, construction glass, linoleum, and other construction materials. The mechanized production of non-ore inert construction materials was organized.

In addition to the above-mentioned newly created branches of industry which organically streamed into the republic's industrial complex, power engineering was restored and substantially expanded. Branches of industry which had been formed long ago--the food, light, woodworking, and paper and cellulose industries--were expanded and reconstructed. The internal structure of these previously formed branches changed. The developed fish industry changed the internal structure of the food industry, while the production of prefabricated ferroconcrete products and cement became dominant in the construction material industry, and furniture production occupied an important place in the woodworking and paper industry.

There was a substantial change in the relationship between groups "A" and "B" in industry. Whereas during the years of bourgeois dominion the largest share in industry was held by group "B", that is, the production of consumer goods, in recent years--as the basic machine building branches have developed in Soviet Lithuania--the proportion of group "A" has grown more rapidly. The growth rates of this group underwent an especial rise during the years of the 7th-10th Five-Year Plans.

Growth Rates of Group "A" and "B" Gross Output in Republic's Industry
in 1960-1980 (1960=100)

Year	Total	Group "A"	Group "B"
1965	174	203	152
1970	303	372	248
1975	451	576	350
1980	567	742	425

Under developed socialism the real possibility arose of orienting production to a greater degree toward a systematic improvement of the well-being of the people and of its cultural level. However, as was emphasized at the 25th and 26th CPSU Congresses, in order to accomplish the tasks of raising the technical level of social production and of dynamic and efficient economic development it is necessary to have larger accumulations of the means of production--the implements of labor, chemical products, fuel, and metals. For this reason, the production of heavy industry output is developing at rapid rates.

During the years of Soviet power, in addition to large changes in the branch structure of industry and in the internal structure of the individual branches of industry, there also took place important changes in the siting of objects. The siting of industry was carried out on the basis of a plan which had been developed in 1964 and approved by the Central Committee of the Lithuanian Communist Party and by the republic's government. The rational siting of industry was of considerable importance for accelerating the growth rates of industry, raising the material and cultural levels of the population, and also for equalizing the development levels of the individual areas of the republic.

The realization of the industrial siting plan which had been developed and approved by the republic's government stopped the growth of five very important cities of the republic--Vilnius, Kaunas, Klaypeda, Shyaulyay, and Panevezhis. The construction of all of the basic industrial objects was assigned to the newly formed regional centers--Alitus, Kapsukas, Utenu, Tel'shyay, and Yurbarkas. Industrial enterprises were also created in Taurage, Kedaynyay, Ionava, and Plunge.

A large number of factors were considered in siting industry in the new regions. First of all, an attempt was made to create good working, living, and recreation conditions for the city populations, to form industrial complexes which were efficient from the economic point of view, to ensure an equal use of male and female labor, and also the necessary transportation conditions, and to take account of water resources, topography, and so forth.

Seventeen years after the beginning of the realization of the plan we can say that this work has produced good results.

The rapid growth of industry has ensured the employment of the republic's population and given rise to changes in its social structure. Thus, whereas in 1939 the rural population comprised 77 percent and the urban population only 23 percent, and 74 percent of the people were employed in agriculture with around 8 percent of the entire able-bodied population employed in industry, in 1980 62 percent of the people were already living in cities, and 38 percent of the republic's population was living in the village. The number of people employed in industry in prewar 1940 came to 57,000 people, while in 1970 this figure increased to 414,400, and in 1975 to 457,900 people.

The living conditions of the rural population approached urban conditions, and the cultural level of rural people rose. In 1980 around one-half of the

people employed in the economy was working in industry, construction, and transportation.

There has been a substantial increase in the number of people working in cultural, education, and health care institutions and in scientific institutions. Whereas in prewar 1939 only 6 percent of the able-bodied population was employed in the non-production sphere in the republic, in 1980 around 25 percent of this population was working in this sphere. This is an enormous progressive change in the employment structure of the population.

The working class has grown and changed most markedly. Workers comprise around 60 percent of the republic's population. The role of the working class in socialist society is constantly growing. The creation and growth of the working class has to be regarded as one of the greatest achievements of our republic.

With the accelerated development of the basic branches of material production and, above all, of industry, there was a corresponding change in the basic indicators reflecting the dynamics of this development.

The growth of the total social product and of national income is the basic indicator of this process. National income on a republic-wide scale has been calculated since 1956. However, even the figures for this 25-year period graphically reflect the dynamics and dimensions of the growth of national income. This is confirmed by the following data:

The Amount of Per Capita National Income in 1960-1980
(based on the prices of the corresponding years)

	1960	1965	1970	1980
USSR	677	839	1198	1737
Lithuanian SSR	646	943	1336	1776
Latvian SSR	938	1191	1575	2281
Estonian SSR	811	1102	1596	2199

The structure of the national income of the Lithuanian SSR differs from the national income structure of our entire country in that a substantial amount of national income in the republic is created in agriculture. This testifies to a substantially higher development level in this branch. The rapid growth of national income was the result of the growth of the branches of material production, the enormous dimensions of capital investments, the growth of fixed capital in their productive use, and the growth of industrial production personnel. All of this occurred thanks to the powerful development of the entire material and technical base of the USSR and the selfless help of the other republics.

Soviet Lithuania maintains broad economic relations with the other republics of the Soviet Union and with its territorial production complexes. The character of the republic's economic relations is determined by the economy's specialization which, in its turn, is based on the all-union division of social labor.

The territorial division of labor in our country is realized by means of the planned formation of the economies of all of the union and autonomous republics into a single USSR national economic complex. Concretely, this manifests itself in the planned siting of the branches of material production, in the development of the production and social infrastructure, and in an improvement of inter-branch and inter-regional relations.

The territorial division of labor is a constantly changing dynamic process which is determined by a number of factors. The developing concentration of production and its profound specialization expand production relations, increase the freight flows, and make ever greater demands upon transportation. Specialization requires the shipment for various consumers of small consignments of freight to various and frequently very remote points. The shipment flow will grow markedly, which will make the strained work of transportation workers even more difficult.

As the number of distant hauls decreases, a very important task arises--to decrease to a maximum inter-regional, especially distant relations and strengthen intra-regional ones.

Economic relations between the union republics and economic regions are growing stronger and broader. According to the import-export balances which were made up in 1966, 1972, and 1977, in 1972, compared to 1966, imports into the republic increased 2.2 times, and in 1977, compared to 1972 they increased by 35 percent, while exports, correspondingly, increased twofold and by 22 percent.

The dominant role in the overall economic relations of our republic with other union republics is being played by the output of three branches of industry, namely: machine building and the light and food industries. In 1966 these branches accounted for three-fourths and in 1977 for two-thirds of all imports and exports. The fact economic relations are becoming increasingly diverse should be noted as a positive feature.

In 1977 50.5 percent of the republic's economic relations with the other republics was accounted for by the RSFSR, 13.6 percent by the Ukrainian SSR, 8.2 percent by the Belorussian SSR, and 5.1 percent by the Latvian SSR.

Along with the great achievements in the development of the republic's entire economic complex and also industry, there have been and continue to be shortcomings and, especially, unutilized reserves in this field. In the light of the decision of the 26th CPSU Congress and the 18th Congress of the Communist Party of Lithuania we are obliged to give maximum attention to increasing labor productivity, introducing new equipment and making the fullest use of old

equipment, making the most efficient use of fixed capital, especially its active part, and also to many other factors which determine the growth of production intensity.

More attention should also be given to a fuller use of local raw materials. In this field we have considerable reserves and possibilities.

Our industry frequently experiences a shortage of furs and of wool. The sheep herds in the republic have decreased appreciably. Before the war during the winter period the herds of sheep dams came to more than 500,000 head. In recent years farms of all categories have maintained a little more than 60,000 of them. Merely to meet the demand for lamb, (the recommended norm per person is 8 kilograms of lamb a year) we should have kept around 130,000 head of sheep dams.

The basic reasons for the very limited development of sheep breeding are connected with the feed base. Indeed, sheep assimilate nutritional substances more poorly than cows, chickens, and hogs. Many farm leaders are frightened by the difficulties of pasturing, the question of wool carding machines has not been resolved on the necessary level, only the initial foundations have been laid for the working of sheepskins, and there are difficulties in the construction of farms.

However, we must also see the other side of this question. Sheep are not exacting with regard to feed, raising them is not very difficult, and the output which they yield comprises additional food resources which do not require large expenditures, and the question of improving the basic and auxiliary branches of animal husbandry is an extremely vital one. Sheep are unfastidious, they eat many different kinds of grasses, and natural pasturelands and the waste which is formed after the harvesting of bean and ear crops, corn, oats, and sugar beet are suitable for them.

There is a long experience in raising sheep in Lithuania, and there is a good breed of them. As a result of the shortage of wool and furs and in order to provide the population with more food we are obliged to give sheep breeding substantially more attention, increasing its profitability.

The optimal satisfaction of the needs of Soviet man is placing great demands upon us in the field of increasing biological resources and, in the first place, fish resources.

Any biological resources, regardless of their origin, are an element of the ecological system which satisfies man's need for food, clothing, industrial processing, and medicines.

The fish catch and its further processing depends upon increasing the catch in the seas and oceans and, especially, in our internal waters.

An increase in the catch in the seas and oceans is a question of a global character which requires the solution of a number of important economic and technical problems and very substantial capital investments, in the first place, for increasing the refrigerator fleet.

An increase in the fish catch in internal waters and an increase in its productivity depends basically upon our efforts, and here we have considerable reserves. Last year the average per capita consumption of fish and fish products in the republic came to somewhat more than 18 kilograms, with the proportion of fish and fish products from internal waters coming to slightly more than 1 kilogram. This cannot be regarded as satisfactory.

The advantage of internal waters is above all in the fact that the most valuable species of fish can be raised in them (salmon, whitefish, carp).

Lithuania is rich in internal waters--the Gulf of Kursh, 2,834 lakes which occupy approximately 1.5 percent of the republic's territory, 35,000 hectares of water reservoirs, including 2,400 hectares of crop reservoirs.

In the opinion of specialists, with a quantitative expansion and, especially, intensification of fishing in internal waters, the solution of a number of urgent problems, the division of internal waters into suitable and unsuitable waters for fish breeding, increased protection of waters suitable for fish breeding, a decrease in their pollution, the assignment of waters to individual consumers, the correct use of waters, an enrichment of the feed base, and the breeding and raising of more valuable species, of the 20 kilograms of fish and fish products per capita which has been mapped out for the future, 20-25 percent should be comprised of fish raised in internal waters.

The republic's flax processing industry is not being provided well with flax. This applies especially to flax golgunets of which industry is not receiving enough for the production of flax fabrics. Worst of all is that the areas being sown to flax are decreasing and the yield is falling. Thus, in 1960 the sown areas came to 63,800 hectares and the yield per hectare to 2.6 quintals, while in 1980 the corresponding figures were 37,500 hectares and 2.1 quintals.

A number of new factories have been built and old factories which had been built in the past for the primary processing of flax have been reconstructed. At a number of primary processing factories warm flax soaking has been introduced and production processes mechanized. However, a substantial amount of the flax fiber which is grown is still being processed by the kolkhozes themselves; the harvest is gathered late and the fibers are spread out, which causes considerable harm and, especially, decreases the production of long fiber which in recent years has comprised approximately 25 percent of the total flax fiber.

The growing of flax and its primary processing requires large labor expenditures. The farms do not have enough labor power for its harvesting and processing: this work frequently coincides with other harvest work. The only way out of this situation is to mechanize the work and improve the primary processing.

In addition to the above-mentioned possibilities for increasing the use of local raw materials, there are also a number of other not fully utilized reserves. An organizational and technological plan for the overall use of an-

hydrides should be worked out, peat resources should be used thriftily and in an overall manner, and the fruit and vegetables grown in the republic should be processed better, frozen, and warehoused.

The accomplishment of the basic task which has been set by the party demands that we not be complacent, but seek and work more productively in order to build the beautiful communist future.

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